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PATENT LAW

JAMES A. SPROWL*

THE SEVENTH CIRCUIT was once considered to be “pro-patent”—that is, a highly desirable circuit within which to sue a patent infringer. Today the Fifth, Sixth, and Tenth Circuits are believed by many attorneys to be even more pro-patent than the Seventh. The pro- or anti-patent reputation of a circuit is determined primarily by the decisional-law its judges generate, and Seventh Circuit judges have recently been applying relatively high standards of patentability to the inventions they have had occasion to review. Despite loss of some of its “pro-patent” reputation, the Seventh Circuit still handles a large number of patent lawsuits—perhaps more than any other circuit. Because they are frequently called upon to handle patent litigation, Seventh Circuit judges at both the district and appellate court levels have more patent-law expertise than do the judges in most other federal circuits. This expertise is apparent in the decisions of the Seventh Circuit Court of Appeals. Careful review of these decisions indicates that the trial and appellate judges of the Seventh Circuit are, by and large, fully competent to handle all the technical complexities of patent litigation.

During the past year, the Seventh Circuit Court of Appeals handed down about 20 decisions relating to patent law. A number of these decisions are concerned with establishing the limits of two recent United States Supreme Court decisions—*Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*¹ and *Lear, Inc., v. Adkins*.² A number of the other Seventh Circuit decisions are concerned with interesting points of patent law, such as: whether attorneys fees, awardable “in exceptional cases” under 35 U.S.C. § 285³ of the federal patent law, can be awarded even in the absence of any fraud; whether the distribution of sample products for experimental use is a sale that

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1. 402 U.S. 313 (1971).

2. 395 U.S. 653 (1969).

3. 35 U.S.C. § 285 (1970) provides:

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

can invalidate a patent under 35 U.S.C. § 102 (b);⁴ and whether a device can infringe a patent when part of that device had not been invented at the time the patent was applied for and was used in an infringing device as a substitute for an important element of the patented arrangement. The following discussion first treats those cases that interpret the two recent Supreme Court decisions. The remaining decisions of interest are then discussed under appropriate headings. A final brief note considers the advisability of establishing a central court of appeals for all patent cases, as has been proposed.

THE DOCTRINE OF ESTOPPEL AS APPLIED TO PATENT LITIGATION

The 1971 Supreme Court decision *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*⁵ changed the existing law and established the doctrine that once a patent is held invalid by one court, the holding of invalidity can be pleaded by a second defendant as an estoppel against enforcement of the same patent in later litigation before any court. Prior to *Blonder-Tongue*, it was possible for a patent owner to sue a first infringer, have his patent declared invalid, and later sue a second infringer (typically in a more favorable forum) and have the same patent declared valid.⁶ The *Blonder-Tongue* decision has substantially reduced the amount of re-litigation of patents that occurs in this country. Unfortunately for some patent owners whose patents were held to be invalid prior to *Blonder-Tongue*, it has cut off the right of such patent owners to take a "second bite of the apple" in a more favorable forum. Two Seventh Circuit cases involved attempts by such patent owners to have pre-*Blonder-Tongue* judgments of patent invalidity limited to certain claims of their patents so that other claims could be re-litigated. Before considering these two cases, however, an explanation of patent claims is in order.

Every patent has appended to it a number of claims each of which defines the invention using slightly different terminology.⁷ During the

4. 35 U.S.C. § 102(b) (1970) provides:

A person shall be entitled to a patent unless . . . (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for the patent in the United States.

5. 402 U.S. 313 (1971).

6. *Triplett v. Lowell*, 297 U.S. 638, 642 (1936). "Neither reason nor authority supports the contention that adjudication adverse to any or all the claims of a patent precludes another suit upon the same claims against a different defendant."

7. See generally 5 WALKER ON PATENTS § 445 (Deller ed. 1972) [hereinafter cited as WALKER ON PATENTS].

prosecution of an application for a patent before the Patent Office, the patent examiner directs most of his attention to the claims portion of the application. The patent applicant must satisfy the examiner that each claim submitted in the application defines an invention which is useful, new and not obvious.⁸ In many foreign countries, a single patent is permitted to claim only one basic invention. In these foreign countries, every patent is required to include one claim that is broader than and encompasses within its scope all of the remaining claims in the same patent.⁹ In the United States, claims of distinctly differing scope are generally permitted in a single patent, provided the patent examiner is able to examine all of the claims in a single search through the Patent Office files of prior-art arrangements.¹⁰ If the examiner decides that a second search is required before he can examine some of the claims in a patent application, he may require a division of the application into two or more separate patent applications, each of which might ultimately mature into a separate patent.¹¹ However, it often happens that claims directed to related but somewhat different inventions or decidedly different aspects of the same invention are contained within a single patent. It is also the accepted practice in the United States for patent applicants to have many claims in their applications which cover essentially the same invention in varying ways.¹² For example, if the actual device constructed by the patent applicant includes forty different elements, the applicant typically may apply for a patent containing ten to twenty claims, each defining the invention as comprising different sub-combinations of perhaps five to twenty of the forty elements. In such a case, it is difficult if not impossible to say whether a patent containing such claims is directed to multiple inventions or to minor variations on a single invention.

Two cases decided by the Seventh Circuit during this past term are directed to the following question: If certain claims of a patent are specifically held to be invalid, does the invalidity of those claims

8. 35 U.S.C. §§ 102, 103 (1970).

9. This rule is followed in Canada and England, among other countries. See generally Kirby, *Unity of Invention in Canada*, 39 J. PAT. OFF. SOC'Y 250 (1957).

10. MANUAL OF PATENT EXAMINING PROCEDURES § 808.02 (3rd ed. 1974) [hereinafter cited as M.P.E.P.]. This Manual is published by the Patent Office for use by its examiners, applicants or their representatives.

11. 35 U.S.C. § 121 (1970). The Examiner may require division for other reasons as well.

12. M.P.E.P. *supra*, note 10 § 706.03(k) states: "[C]ourt decisions have confirmed applicant's right to restate (i.e., by plural claiming) his invention in a reasonable number of ways. Indeed, a mere difference in scope between claims has been held to be enough."

give rise to an estoppel in a different lawsuit under *Blonder-Tongue* against the assertion of the remaining patent claims?

In *Technograph Printed Circuits, Ltd. v. Methode Electronics, Inc.*¹³ the court permitted a defendant to assert the estoppel doctrine against claims which were not specifically litigated in an earlier action. Claim number 10 of the patent had been previously held invalid. The patent owner was asserting claims 11 through 13 against a new defendant. The Seventh Circuit Court of Appeals noted in its decision that "a reading of claims 10, 11, 12, and 13 demonstrates the complete dependence of claims 11, 12, and 13 upon claim 10."¹⁴ The only difference between claims 11, 12, and 13 and claim 10 is that claims 11 through 13 require particular types of conventional printing techniques in a printing step of the claimed invention, whereas claim 10 simply calls for "printing." Claim 11 calls for letter-press printing, claim 12 calls for offset printing, and claim 13 calls for reproduction by photo-mechanical means. The Seventh Circuit decided that these claims were essentially identical to claim 10 and contained no inventive substance which would support their validity above and beyond the validity of claim 10. In this instance, where the claims were almost identical and clearly related to the same basic invention, the decision reached by the court is correct.

The second case considered by the court of appeals is a much more difficult one. In *Bourns, Inc. v. Allen-Bradley Co.*,¹⁵ the court considered the validity of a patent directed to an electrical device called a "variable resistor." The patent contained twenty-two claims. An earlier judgment specifically held only claims 1, 2, 11, 14, 15, 16, and 20 to be invalid,¹⁶ but the opinion which accompanied the earlier judgment contained language which indicated that the entire patent was in-

13. 484 F.2d 905 (7th Cir. 1973).

14. *Id.* at 908-09. The claims are set forth in footnote 7 of the court's opinion. The court is holding claims 11-13 to be subject to the estoppel because they are, in essence, identical to claim 10—not because they are technically dependent upon claim 10 in that they incorporate claim 10 by reference. See 35 U.S.C. § 112 (1970) where the concept of dependent claims is introduced. It is thus unfortunate that the court used the word "dependence" in its holding, for the court's use of this word may lead some to believe that the invalidity of claims 11-13 follows from their technical dependence upon claim 10 under section 112 rather than from their being essentially identical to claim 10. Such an interpretation of this case cannot be reconciled with 35 U.S.C. § 282 (1970) which reads in part "... dependent claims shall be presumed valid even though dependent upon an invalid claim"

15. 480 F.2d 123 (7th Cir. 1973), *cert. den.* 414 U.S. 1094 (1973).

16. "Claims 1, 2, 11, 14, 15, 16, and 20 of U.S. Patent No. 2,777,926 are invalid" *Id.* at 124.

valid.¹⁷ A difficult question was thus raised as to whether the earlier judgment should estop the owner of the patent from asserting the remaining claims against a different defendant at a later time.

At the second trial, the new defendants moved for summary judgment on the ground that the entire patent was invalidated by the opinion and judgment in the earlier action. Although the motion was granted the district court did not consider the specific wording of the claims. The district court held that the plaintiff was estopped by *Blonder-Tongue* from asserting the validity of any of his claims.

On appeal, the Seventh Circuit Court of Appeals reversed on the grounds that the actual order entered following the earlier trial was specifically limited to the claims listed in the order. The court found that the plaintiff was not estopped to assert the remaining claims against different defendants at a later time. Accordingly, the judgment was reversed to the extent that the holding of the district court precluded all litigation under the claims which had not been specifically held to be invalid.

One aspect not examined by the court in *Bourns* is the actual patent claims to see whether the claims not invalidated are substantially identical to the claims that were invalidated by the earlier judgment. Such an examination would seem necessary in any case before a rational decision on the applicability of the doctrine of estoppel can be made. Clearly it would not be proper to estop one from asserting a claim relating to an invention that is entirely separate and distinct from any invention defined by the invalidated claims, for to do so would be to penalize an inventor for the patent examiner's failure to require the filing of separate applications directed to distinct inventions. In a case such as *Technograph*, however, there is no point in re-litigating when the distinctions between the various claims are truly minimal and of no inventive significance. Re-litigation on the issue of claim identity seems necessary in a case such as *Bourns*.

A relevant case in another circuit is *Westwood Chemical, Inc. v. Molded Fiber Glass Body Co.*¹⁸ In that case, the Sixth Circuit Court of Appeals affirmed a trial court decision that the unadjudicated claims in a patent presented questions of fact identical to those presented by

17. *Bourns, Inc. v. Dale Electronics, Inc.*, 308 F. Supp. 501, 507 (D. Neb. 1969). ". . . and the '926 patent is held to be invalid.'" This statement was relied upon by the district court in *Bourns, Inc. v. Allen Bradley Co.*, 348 F. Supp. 554 (N.D. Ill. 1972) in concluding that the court in *Dale* intended to hold the entire patent invalid.

18. 498 F.2d 115 (6th Cir. 1974).

the adjudicated claims and merely restated them without significant difference and without defining an invention separate and apart from that defined in the adjudicated claims. On appeal, the defendants contended that the holding of the trial court was inconsistent with 35 U.S.C. §282, providing that "each claim of a patent . . . shall be presumed valid independently of the validity of other claims." The court of appeals found no merit in the contention and affirmed the trial court in all respects. It distinguished *Bourns* on the grounds that "*Bourns* was decided on a motion for summary judgment and claim identity was not an issue in the case."¹⁹

The *Blonder-Tongue* doctrine of estoppel should not necessarily be limited to the claims found within a single patent. It frequently happens that two patents will issue containing similar claims or claims directed essentially to a single invention. If the claims are substantially identical and if the patents are commonly owned, then the invalidity of claims in one of the patents should estop the common owner from asserting the claims in the other patent at a later time. To hold otherwise would be to permit an inventor to circumvent *Blonder-Tongue* by dividing his claims between several distinct patents. The issuance of two patents containing similar claims or claims directed to the same invention can occur when two or more separate inventors contribute to different aspects of an invention. For example, if A invents a novel method of manufacturing and if A and B then jointly invent a novel apparatus for implementing that method, separate patents might issue—one to A directed to the method, and a second to A and B jointly, directed to the apparatus. Ownership might then be united by assignment. Two patents containing similar claims can also result if a patent examiner imposes an improper division requirement upon a patent application and forces the applicant to seek separate patents for claims which should have been contained in a single patent. It also occasionally happens that the Patent Office mistakenly issues two patents covering the same invention to two different applicants and both applicants later sell their patents to a common assignee. Evidence of claim similarity can sometimes be found in actions of the common owner. If the owner arranges to have two patents issue on the same day or if he voluntarily gives up the last few years of his monopoly on one patent so that it expires on the same day as another patent, arguably he is taking steps to protect himself against the possible accusation that he has fraudulently extended his statutory seventeen-year monopoly by

19. *Id.* at 117-18.

obtaining two patents which together give him more than the normal seventeen years of patent protection on a single invention. When a patent owner takes such steps in response to a "double-patenting" rejection of his claims by a patent examiner,²⁰ he thereby concedes to the examiner that his two or more patents are directed essentially to the same invention. In this situation, the owner should be estopped from claiming that his patents are directed to distinct inventions at a later time.

The other side of the estoppel question is that of determining when a non-party to a suit should be bound by a judgment of patent validity. *Blonder-Tongue* is not applicable to that situation and the rules are quite different. In *TRW, Inc. v. Ellipse Corp.*,²¹ the court was faced with deciding whether or not the supplier of a component part was bound by a decision holding a patent valid against one of his customers. The defendant, TRW, manufactured power steering pumps many of which were sold to the Ford Motor Company. In an earlier suit, the Ellipse Corporation had obtained a judgment of patent infringement against Ford Motor Company. The judgment was partly based upon Ford selling power steering pumps supplied to Ford by TRW. TRW manufactured approximately 35% of Ford's requirements for power steering pumps and was also contractually obligated to indemnify Ford for the cost of any patent litigation on the pumps. TRW's attorneys had filed amicus briefs during the Ford litigation in support of Ford's position. TRW could have voluntarily entered the Ford litigation.

In this declaratory judgment action brought by TRW to invalidate the patent, Ellipse argued that TRW was in privity with Ford and should therefore be barred now from attacking the validity of the patent. The Seventh Circuit Court of Appeals considered the argument but decided that TRW did not participate extensively enough in the earlier litigation to be bound by its outcome.²²

20. M.P.E.P. *supra*, note 10 § 804 states: "The other type is the 'obviousness' type double patenting rejection which is a judicially created doctrine based on public policy rather than statute and is primarily intended to prevent prolongation of monopoly by prohibiting claims in a second patent not patently distinguishing from claims in a first patent. . . . [T]he 'obviousness' type double patenting rejection may be obviated by a terminal disclaimer [of the last few years of the patent grant so that both patents expire on the same day]." M.P.E.P. § 804.02 adds: ". . . [S]uch terminal disclaimers must include a provision that the patent shall expire immediately if it ceases to be commonly owned with the other application or patent." RULES OF PRACTICE IN PATENT CASES 321(b) (U.S. Patent Office 1970).

21. 495 F.2d 314 (7th Cir. 1974).

22. *Id.* at 318. The court stated: "TRW limited its role in the prior suit to observ-

The court then considered the issue whether a justiciable controversy actually existed between the parties. TRW argued that Ellipse's allegation of infringement against Ford respecting power steering pumps, some of which were manufactured by TRW, was sufficient to serve as a basis for the filing of a declaratory judgment suit. Ellipse countered by pointing out that the earlier Ford litigation had been tried to judgment and, therefore, the controversy was now terminated. The court ultimately decided that since the patent holder did not make a charge of infringement against the manufacturer TRW independently of the customer Ford, and since the litigation against the customer Ford had been terminated, no justiciable controversy remained to be decided. Accordingly, the court held that a declaratory judgment action at this point in time was inappropriate.

The contractual obligation to indemnify Ford for all practical purposes rendered TRW a party to the earlier litigation, albeit not a named party. TRW relied upon the skill of the attorneys retained by Ford to defend its substantial interest in the outcome of the earlier litigation. There is very little meaningful distinction between that situation and the situation where TRW actually comes forward to defend the suit against Ford using its own attorneys. Yet perhaps it would be unfair to bind TRW to the original judgment when TRW did not actually control the course of the earlier litigation. TRW's liability to indemnify Ford might have been too small to justify TRW entering the earlier litigation or perhaps TRW sold much larger quantities of the same device to another automotive manufacturer. Under these circumstances, would it be fair to bar TRW from attacking the validity of the patent at a later time if sued directly for damages for patent infringement resulting from its other sales? These arguments are compelling, but probably the ends of justice are best served by barring TRW from re-litigating the validity of this same patent at a later time, if TRW's financial interest in the earlier litigation was substantial.

THE RIGHT OF A LICENSEE TO ATTACK THE VALIDITY OF A PATENT

In the recent decision, *Lear, Inc. v. Adkins*,²³ the Supreme Court announced for the first time that a licensee under a patent has the right

ing the proceedings and to filing amicus curiae briefs. These are insufficient modes of participation to render applicable the doctrine of *res judicata* . . . and therefore TRW is not bound by the adjudication of the validity of the claim"

23. 395 U.S. 653 (1969).

to attack the validity of a patent in court even though such an attack is a violation or repudiation of the licensing contract. The rationale behind the decision is that there is a strong public policy favoring the prompt judicial testing of patents and the prompt weeding-out of invalid patents through litigation. Licensees are often the only parties who have the interest and the resources to challenge a patent in court. Accordingly, licensees should not be barred by contract from attacking the validity of patents under which they are licensed.

Several cases decided in the Seventh Circuit during the past term have considered the scope of the *Lear* decision. *Maxon Premix Burner Co., Inc. v. Eclipse Fuel Engineering Co.*²⁴ held that *Lear* is inapplicable to a defendant who has gone through a trial on the merits concerning infringement and who, after receiving an adverse judgment from such a trial, wishes then to attack the validity of a patent he had not previously questioned. It held that the defendant *Eclipse* had waived any right it might otherwise have had to challenge the validity of the patent by admitting during the course of trial "that the issue of validity so far as the original claim is concerned is not here in issue." The court recognized that the *Lear* decision would favor the testing of the validity of patents in every case where it was possible to do so. However, the court also noted a countervailing public policy which favors "conservation of judicial time and limitations on expensive litigation."²⁵ It concluded that the *Lear* doctrine could not be used by a party to litigation after that party had received an adverse decision on the merits.

In a decision seemingly inconsistent with the above decision, *Kraly v. National Distillers and Chemical Corp.*,²⁶ the Seventh Circuit Court of Appeals held that the *Lear* doctrine is fully applicable to a situation in which the parties had earlier engaged in litigation but settled it by agreeing upon a licensing arrangement. The earlier litigation was dismissed *with prejudice*. In that situation, the Seventh Circuit Court of Appeals held that *Lear* required the infringer to be given an opportunity to oppose the validity of the licensed patent at a later time. In so ruling, the Seventh Circuit expressly refused to follow the holding of an Ohio district court in *Schlegel Manufacturing Co. v. King Aluminum Corp.*²⁷ Since that time, the Ohio court has reaffirmed its orig-

24. 471 F.2d 308 (7th Cir. 1972) *cert. den.* 410 U.S. 929 (1972).

25. *Id.* at 312.

26. 502 F.2d 1366 (7th Cir. 1974).

27. 369 F. Supp. 650 (S.D. Ohio 1973).

inal holding²⁸ and the *Schlegel* case is presently on appeal before the Sixth Circuit Court of Appeals. If the Sixth Circuit Court of Appeals affirms the *Schlegel* holding, a conflict in the laws of the two circuits will result.

An issue *Lear* did not settle is whether a licensee who successfully invalidates a patent can recover royalties paid while he was a licensee. In the *Kraly* case, the court did not permit the recovery of such prior royalties, holding that such royalties were governed by the consent decree until the licensing arrangement was repudiated by the licensee under *Lear*. Accordingly, royalty payments made prior to repudiation of the license could not be recovered by the licensee. In *Ransburg Electro-Coating Corp. v. Spiller & Spiller, Inc.*²⁹ the court went further and actually required a licensee to continue making periodic payments under an agreement entered into in settlement of patent litigation even though the patent was held invalid after the settlement agreement was consummated. The court did not consider the agreement to be a license agreement which could be challenged under *Lear* because the agreement was, on its face, an agreement to end litigation in return for periodic payments which were intended to cover only past infringement. The parties had entered into a separate written license agreement which covered future use of the invention, and the licensor did not attempt to collect under the separate license agreement after his patent was held to be invalid. The court noted that this holding would encourage licensees to attack the patents under which they are licensed at an early date, since royalties for use of the licensed invention during any delay would have to be paid even if the patent were ultimately found to be invalid.

RECOVERY OF ATTORNEYS FEES

Two cases in the Seventh Circuit have touched upon the recovery of attorneys fees in patent litigation. In *Strassheim Co. v. Gold Medal Folding Furniture Co.*,³⁰ the court awarded the prevailing defendant his attorneys fees under 35 U.S.C. § 285³¹ even in the absence of fraudulent conduct by the plaintiff. The court held that the award of

28. *Schlegel Mfg. Co. v. King Aluminum Corp.*, 381 F.Supp. 649 (S.D. Ohio 1974).

29. 489 F.2d 974 (7th Cir. 1973).

30. 477 F.2d 818 (7th Cir. 1973).

31. 35 U.S.C. § 285 (1970) provides:

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

attorneys fees to the defendant was appropriate, because several acts on the part of the plaintiff were grossly negligent. These acts included: (1) failure of plaintiff's attorneys to file a patent application within one year after the invention went into public use;³² (2) signing of an oath by the inventors which said the patent application had been filed less than a year after the invention went into public use;³³ and (3) failure of the plaintiff owners of the patent to admit that the invention had been in public use for more than a year prior to filing the patent application, in violation of 35 U.S.C. § 102 (b), even when specifically asked that question during discovery, and even though evidence of the public use was available to them. This is a significant case because it bases the award of attorneys fees under section 285 on something less than fraud.

In *Scotch Whisky Association v. Barton Distilling Co.*,³⁴ the Seventh Circuit set aside an award of attorneys fees by the district court in a trademark action under the Lanham Act. An agent of the defendant was shown to have sold as "Scotch Whisky" a blend of Scotch whiskeys and spirits produced in Panama. The district court concluded that the use of "Scotch Whisky" was a false designation of the place of origin which violated 15 U.S.C. § 1125 (a) and that the defendant was responsible for this false designation. The district court enjoined defendant from using the words "Scotch Whisky" on this product. There is no provision in the Lanham Act comparable to section 285 of the Patent Act (Title 35), and the Seventh Circuit Court of Appeals found that the general rule against recovery of attorneys fees should apply since there was no overriding consideration of justice or defense maintained for oppressive reasons.

INFRINGEMENT OF A PATENT USING NEWLY-INVENTED ELEMENTS

In *Laser Alignment, Inc. v. Woodruff and Sons, Inc.*,³⁵ the inventor filed an application on a method for laying pipes. Briefly de-

32. 35 U.S.C. § 102(b) (1970). This failure rendered the patent invalid.

33. The Patent Office oath, which must be signed by an inventor and attached to his application, includes a statement that the inventor swears the invention has not been on sale in the United States for more than a year prior to the filing of the application. By signing this oath when they knew their invention had been on sale for more than a year, the inventors committed perjury. For the current form of oath used by the Patent Office see RULES OF PRACTICE IN PATENT CASES 114, Form 11 (U.S. Patent Office 1970).

34. 489 F.2d 809 (7th Cir. 1973).

35. 491 F.2d 866 (7th Cir. 1974).

scribed, the method involved laying a first length of pipe and then shining a thin light beam down the central axis of this first length of pipe. Second, third, and subsequent lengths of pipe are then laid and positioned such that their axes also coincide with the light beam. In this manner, a nearly perfect alignment of the pipes is achieved quite easily. One end of each length of pipe is attached to the preceding length of pipe, and a bulls-eye target is placed over the opposite end of each length of pipe. The opposite end is then shifted up or down and left or right until the light beam strikes the center of the bulls-eye. The pipe is then properly aligned with the preceding sections. In his claims, the inventor described the light beam as a collimated narrow beam of light.

At the time he filed, the inventor contemplated using a conventional lamp plus one or more lenses to achieve the collimated beam of light. Thereafter, the laser was invented, and it was immediately adopted for use in the alignment of the pipes. The laser is apparently superior to ordinary optical arrangements in its ability to generate a collimated narrow beam of light. The issue faced by the court was whether the patent holder had the right to collect royalties from others who were using his pipe-alignment method in every sense except that they generated their collimated narrow beam of light with a laser rather than with the optical arrangement actually disclosed in the patent.

The trial court held that there could be no infringement under these circumstances. The court of appeals reversed, holding that the invention as claimed was a *method* invention and not an *apparatus* invention. The patent claims which define the invention call for the step of providing a collimated beam of light. The claims do not require the beam to be generated by any particular type of source. Hence, there is literal infringement of the claim language regardless of whether a laser is used as the beam source.

If the patent claims had been *apparatus* claims directed to a pipe-alignment *apparatus* and calling for a source capable of developing a collimated beam of light, then fairness would seem to require the same result to be reached. It would seem unjust to deprive an inventor of royalties for the use of his invention simply because someone else came up with an improved element well-suited for use in carrying out a step of his invention. For example, after Edison invented the motion picture projector using an ordinary incandescent lamp, it would have been unfair to prevent him from collecting royalties from one who con-

structed an essentially identical motion picture projector using a fluorescent lamp (assuming of course that the fluorescent lamp had been invented shortly after Edison's invention of the motion picture projector). The doctrine of equivalents in patent law should be applicable in this case. This doctrine holds that the mere substitution of an equivalent element for an element called for by a claim, especially in an attempt to avoid literally infringing the claim, will not deprive the inventor of his rightful royalties.³⁶

Both the trial court and the Seventh Circuit Court of Appeals considered the applicability of the doctrine of equivalents to this situation. Both courts were troubled by a line of authority holding that there can be no infringement in this type of situation.³⁷ To avoid the impact of the line of authority, the Seventh Circuit Court of Appeals ultimately decided that infringement could be found if the newly-invented laser element was in existence *before the patent issued*, even if it was not in existence when the patent application was filed, for the claim language is not finalized until a patent issues.³⁸ The issue date of a patent is the beginning of the seventeen-year period during which the inventor is privileged to enjoy his patent monopoly.³⁹ It can be affected arbitrarily by such things as the backlog of patent printing within the Patent Office, the number of refilings of his application indulged in by an applicant, and the number of appeals that an applicant files within and without the Patent Office. The issue date should not, therefore, be decisive to affect the scope of a patent in this manner. The line of decisions that troubled the courts should have no applicability when a newly-invented element is used as a direct substitute or replacement for an old element and does not otherwise change the basic nature or teachings of an invention. An inventor should be entitled to collect royalties on improved versions of *his* invention. He should not be able to collect royalties on different inventions which, while possibly equivalent in end use to his, are not in accord with his teachings.

36. WALKER ON PATENTS, *supra* note 7 § 546 *et seq.* (1972).

37. Halliburton Oil Well Cementing Co. v. Walker, 329 U.S. 1 (1946).

38. See generally Seymour v. Osborne, 78 U.S. 516 (1871). "[T]he inventor . . . cannot treat any one as an infringer whose machine does not contain all of the material ingredients of the prior combination . . . unless the latter machine employs as a substitute for an ingredient left out to perform the same function some other ingredient which was well known as a proper substitute for the same *when the former invention was patented.*" *Id.* at 555-56 [emphasis added]. The Seventh Circuit is simply construing the language "when . . . patented" to mean the date the patent issued and not the date the application was filed.

39. 35 U.S.C. § 154 (1970).

THE DISTRIBUTION OF SAMPLES FOR EXPERIMENTAL USE
PRIOR TO THE FILING OF AN APPLICATION
FOR A PATENT

In *Dart Industries, Inc. v. E.I. Du Pont De Nemours & Co.*,⁴⁰ the Seventh Circuit Court of Appeals was faced with the difficult problem of deciding whether the sale of an invention more than a year before the filing of a patent application invalidates the patent under 35 U.S.C. § 102(b) even when the invention had not actually been tested at the time of the sale. 35 U.S.C. § 102(b) invalidates a patent if the invention was "in public use or on sale" more than a year before the patent application filing date. In the particular matter before the court, it was admitted that the inventor had manufactured and sold limited quantities of a product called "roving granules" for experimental use by a number of manufacturers. It was established at the trial that the quantity of material supplied was *de minimis* and not sufficient for manufacturing and that, therefore, the purchasers were simply buying experimental lots to test. It was also established that the inventor had never previously tested this material himself by using it in an injection mold because the inventor himself had no equipment with which to carry out injection molding; he assumed it to be satisfactory because he found that it could be passed through a hole with relative ease, unlike some prior known materials. The Seventh Circuit Court of Appeals held that the sale invalidated the patent. Since the patented product underwent no changes after the sales for experimental use, since the sales were final, and since laboratory work had demonstrated to the inventor's satisfaction that the invention would work even though it had never been tested, the court held that these were actual sales which would bar the filing of a patent application at the end of a year. As additional support for the decision, the court noted that the inventor was actively attempting to solicit large-scale sales at the time the samples were sold and thus he was not simply distributing the materials for experimental use.

This decision holds that an invention may be "on sale" under section 102 (b) prior to the time when the invention is actually tested if the inventor is satisfied that the invention has been completed. The test applied is a subjective one—whether the inventor himself is satisfied with his invention. In another area of patent law, an objective test is used to determine when an invention has been completed. If

40, 489 F.2d 1359 (7th Cir. 1973).

two persons, both claiming to be the first to invent, apply for patents on the same invention, a patent is normally awarded only to the person who filed first. However, a patent is awarded to the person who filed last if he can show that he conceived the invention first and then worked at the invention "diligently" until he had "reduced it to practice" by constructing and testing a device that embodied the invention.⁴¹ In a contest between two inventors, a "reduction to practice" must be demonstrated objectively, and the inventor's good-faith belief that he has reduced his invention to practice is not sufficient proof that he has tested his invention. For example, the purported inventor of an electronic counter that utilized a special type of magnetic core satisfied himself that the invention would work by testing the properties of the core using a test circuit. Since he did not construct an actual counter that contained the core, he failed to reduce his invention to practice objectively on the day he conducted his tests. He could not show diligence from that day until he filed his application, so the magnetic-core-counter invention was awarded to another who was the first to file.⁴²

In situations such as these where the invention is *actually* complete at the time the inventor *believes* his invention is complete, the subjective test is the better test. An inventor's good-faith belief that he has completed his invention should justify his cessation of diligent efforts toward completing the invention. If it later turns out that this belief is erroneous and that the invention is not complete, then naturally priority might justifiably be awarded to another. The objective test simply penalizes an inventor who fails to test out his invention as rigorously as others may think is desirable.

PRIORITY BETWEEN TWO INVENTORS

In *Rex Chainbelt, Inc. v. Borg-Warner Corp.*,⁴³ the Seventh Circuit faced the unusual task of reviewing a determination of the Patent Office Board of Patent Interferences as to which of two inventors was first to invent a particular device. An interference proceeding is normally initiated by a patent examiner when he finds two applications are claiming essentially the same invention. An interference may also be initiated between an application and a recently-issued patent. The Patent Office Board of Patent Interferences is a special board within the Patent Office that decides interference proceedings. Appeals from

41. WALKER ON PATENTS, *supra* note 7 § 31.

42. *Elmore v. Schmitt*, 278 F.2d 510 (C.C.P.A. 1960).

43. 477 F.2d 481 (7th Cir. 1973).

the decisions of this Board may be taken either to the Court of Customs and Patent Appeals, as in the magnetic-core-counter case discussed above, or to a district court, as in the present case. The decision of a district court is then reviewable by the court of appeals.

In *Chainbelt*, the invention related to vibratory conveyors of a type which are driven by a motor. Previously, the speed of such a conveyor was varied by adjusting the mechanical coupling between the motor and the conveyor. The invention which both parties to the interference were claiming resided in controlling the speed of the conveyor by altering the voltage supplied to the driving motor. While this might seem to be an obvious expedient, those skilled in the art apparently believed that the motor voltage could not be reduced without damaging the motor through overheating.

One party claimed to have made the invention five years before the application was filed. In fact, he had done little more than recognize that the speed of a conveyor could be controlled by varying the input voltage to the conveyor motor without damaging the motor. He did not follow through by working out the particulars of a specific voltage-controlling arrangement and he did not take the necessary steps to reduce the invention to practice by constructing a working model.⁴⁴ In all likelihood, he was not a sole inventor but a joint inventor with others who contributed to his basic idea by designing the necessary voltage controller.⁴⁵ Priority for the invention was awarded to the party who was first to file his application.

ANTICIPATION AND OBVIOUSNESS

A patent claim is anticipated, and therefore invalid, if the invention defined by the claim was publicly known a full year before the patent application was filed⁴⁶ or prior to the date of invention by the patentee.⁴⁷ A patent claim is obvious, and therefore invalid, if the subject matter of the invention is an obvious variation on or combination of known prior arrangements, where obviousness is measured subjectively with reference to "a person having ordinary skill in the art to

44. WALKER ON PATENTS, *supra* note 7 § 31.

45. *Id.* § 39.

46. 35 U.S.C. § 102(b) (1970).

47. 35 U.S.C. § 102(a) (1970) provides:

A person shall be entitled to a patent unless . . . (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent

which said subject matter pertains.”⁴⁸

In *Popeil Bros., Inc. v. Schick Electric, Inc.*⁴⁹ the question before the court was whether Popeil’s “Steam Set” curler heating device, which comprises a steam chamber within which curlers are mounted for heating, was fully anticipated by prior patents that disclosed the heating of curlers in boiling water, and the heating of a conventional curling iron in steam. There was also evidence of public use of the invention in Japan more than a year before the application was filed. The trial court decided that these prior patents and the public use of the invention in Japan fully anticipated the invention under 35 U.S.C. § 102 (b). Normally, to anticipate under section 102 (b), the prior patents must disclose the invention in all respects. The technique of boiling curlers in water as disclosed in some of the prior patents is not identical to the alternative technique of heating curlers in steam. However, the patent claims did not expressly limit the scope of the invention to the use of steam only, so that the claims were broad enough in terms to encompass within their scope prior-art arrangements which boiled the curlers in water. The claims were thus clearly invalid.

The patent owner tried to persuade the trial judge to limit the scope of the claims, by judicial construction, to the heating of curlers using steam. The trial judge challenged him to come up with some reason why heating curlers with steam was better than heating curlers in boiling water. The patent owner argued that less mineral deposits would be found upon curlers heated in steam than upon curlers heated in boiling water. The judge held this to be a negligible advantage because of the extremely small amount of moisture that has to be present upon a hair curler to obtain good results. The court of appeals agreed: “There is no evidence that the mineral content of such minute amounts of moisture would significantly affect the user’s hair. The purported advantage is a distinction without a difference. The issue of anticipation by prior art is not determined by insubstantial distinctions between a purported invention and prior art.”⁵⁰

The decision is interesting because of the discussion whether heat-

48. 35 U.S.C. § 103 (1970) provides:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains

49. 494 F.2d 162 (7th Cir. 1974).

50. *Id.* at 165.

ing curlers in steam is more advantageous than boiling curlers in water. The court seems to be saying that if the patent owner had shown a substantial advantage in using steam rather than hot water to heat curlers, and if the steam-heating technique were not previously known, the court might have judicially construed the patent claims to cover only the heating of curlers in steam. So construed, the claims would not have been anticipated by the known technique of heating curlers in boiling water. The court would thus be giving equitable relief to an inventor who overclaimed his invention, when the invention would have had substantial merit had it been claimed more narrowly. In requiring the inventor to demonstrate that his invention is *superior* to prior arrangements, as well as new and unobvious, the court is introducing into the United States patent law the German patent-law requirement that a patentable invention must always advance the state of the art.

In another recent Seventh Circuit decision, *Continental Oil Co. v. Witco Chemical Corp.*,⁵¹ the court of appeals determined that the district court had made no findings evaluating the difference between the prior art and the invention, upon which the district court could base its holding that the patent was valid. The court of appeals therefore undertook the task for itself and did a creditable job of acting as a substitute finder-of-fact. The Patent Office had refused to grant the patentee any claims directed to his process, but it permitted him to obtain claims directed to the product which resulted from application of the unpatentable process. In a case of this type, where the invention is a chemical reagent, there is often very little meaningful difference between product claims and claims directed to the method of manufacturing the product. The court of appeals noted this fact and ultimately found the product claims to be invalid for obviousness⁵² for the same reasons that the process claims were held to be obvious by the Patent Office.

PRESUMPTION OF VALIDITY

A statutory presumption arises under 35 U.S.C. § 282 that a claim in an issued patent is valid.⁵³ This presumption is particularly applicable to the validity of a claim in relation to examples of prior known

51. 484 F.2d 777 (7th Cir. 1973).

52. 35 U.S.C. § 103 (1970).

53. 35 U.S.C. § 282 (1970) in part reads as follows:

A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it

arrangements actually considered by the patent examiner. In the *Continental Oil* case and in two other recent cases, *Henry Manufacturing Co., Inc. v. Commercial Filters Corp.*,⁵⁴ and *Speakman Co. v. Water Saver Faucet Co., Inc.*,⁵⁵ the Seventh Circuit Court of Appeals gave very little weight to the presumption of validity. In recognizing that the presumption has been overcome, the court of appeals usually notes that it has before it examples of prior known arrangements not considered by the patent examiner. However, these examples are often quite similar to the examples which the patent examiner had before him, and often the court is in fact simply disagreeing with the examiner's decision on the patentability of an invention.

There is considerable justification for giving the statutory presumption of validity little weight. Formerly the Patent Office resolved doubts in favor of an applicant for a patent. This so-called "rule of doubt" was last given judicial application by the Court of Customs and Patent Appeals as recently as 1966.⁵⁶ Since that time, both the Court of Customs and Patent Appeals and the Patent Office have formally repudiated the rule of doubt as repugnant to the statutory presumption of validity.⁵⁷ However, some judges maintain that the rule is still followed in practice, although it has been formally repudiated.⁵⁸ As a practical matter, patent examiners are under heavy pressure to dispose of the applications before them and thereby reduce the backlog of pending applications within the Patent Office, and they occasionally resolve their own doubts in favor of an applicant simply to dispose of an application or to avoid an appeal. It is thus proper for the Seventh Circuit Court of Appeals to regard reliance upon the statutory presumption of validity as suspect.

It may be hoped that as the Patent Office gets its backlog of pending applications down to the point where individual examiners are not under pressure to dispose of the backlog, and as more and more examiners begin resolving all doubts against an applicant in accordance with the formal Patent Office repudiation of the rule of doubt, the statutory presumption of validity will fulfill its originally-intended purpose of making it unnecessary for a court to second-guess the patent examiner

54. 489 F.2d 1008 (7th Cir. 1972).

55. 497 F.2d 410 (7th Cir. 1974).

56. *In re Hofstetter*, 362 F.2d 293 (C.C.P.A. 1966), cert. granted sub. nom. *Brenner v. Hofstetter*, 386 U.S. 990 (1967), vacated 389 U.S. 5 (1967).

57. Application of Naber, 503 F.2d 1059 (C.C.P.A. 1974).

58. See dissenting opinion of Chief Judge Worley in *In re Arkley*, 455 F.2d 586, 593 (C.C.P.A. 1972).

when the examples of prior-art before the court are substantially identical to the prior-art considered by the examiner.

SECONDARY CONSIDERATIONS RELEVANT TO OBVIOUSNESS

In making any inquiry as to obviousness, it is customary for a court to consider whether the invention would have been obvious to one skilled in the art at the time it was claimed to have been invented. The nature of the judicial inquiry is set forth in *Graham v. John Deere Co.*:⁵⁹

Under Section 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. *Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy (Emphasis added.)*

The question left unresolved by *Graham* is how much weight the "secondary considerations" should be given in the determination whether an invention is unpatentable because it is obvious. In two cases handed down during the past year, the Seventh Circuit Court of Appeals has opposed giving much weight to these secondary considerations. In *Research Corp. v. NASCO Industries, Inc.*,⁶⁰ the court affirmed a ruling of invalidity of a patent on summary judgment and refused to consider any arguments that the invention had achieved great commercial success and had answered a long-felt need. The invention was a method of branding animals by freezing the skin of the animals through the application to the animal's skin of a super-cooled material such as dry ice. The relevant prior art consisted of an article published many years before the patent was applied for, which disclosed that the freezing of animal skin using dry ice caused either a permanent regrowth of white hair on the area of skin frozen, or if prolonged, caused the affected area to become bald. It was conceded that the article did not teach the use of this freezing technique for the branding of animals and that the patent holder was the first one ever to teach that freezing could be used as a practical method of branding. The plaintiff patent holder offered affidavits tending to show that there was a long-standing need for the invention, that the invention was initially regarded with

59. 383 U.S. 1, 17-18 (1966).

60. 501 F.2d 358 (7th Cir. 1974).

skepticism by those knowledgeable in the field of branding, and that the invention quickly achieved great commercial success. The plaintiff also offered a statement signed by the author of the article stating that the author had not conceived the idea of using the freezing technique described in his article for the branding of cattle at the time he wrote the article. The trial judge considered these affidavits and statements but still ruled that the patent was invalid on the motion for summary judgment, and the court of appeals affirmed.

A similar result was reached in *Speakman Co. v. Water Saver Faucet Co., Inc.*, where the court of appeals said "We agree with the trial court's conclusion that commercial success is no substitute for invention" ⁶¹

DESIRABILITY OF A SINGLE COURT OF APPEALS FOR PATENT CASES

While one year's decisions in a single circuit are an inadequate basis for judgment, no examination of such a group of cases is complete without consideration of their bearing on the vigorous arguments of those who advocate the transfer of all patent appeals to a single specialized court of patent appeals, such as the existing Court of Customs and Patent Appeals. That court presently handles most appeals from adverse Patent Office decisions.⁶² If the decisions handed down by the Seventh Circuit Court of Appeals during this past term are any indication of how patent appeals are generally handled in the courts of appeals, it appears there is no need for such a specialized court. It is unlikely that a specialized court would perform more skillfully. If the technical difficulties of determining patent validity and infringement are unduly burdensome for the district court judges, as some maintain,⁶³ then the determination of validity and infringement should be referred to the Patent Office. For example, a statutory provision could be enacted which would enable any district court judge to appoint a patent examiner to serve as a special master in any patent litigation where the judge required technical assistance in determining patent validity and infringement. The findings of such a master would then be reviewable by the district court judge. Other issues germane to pat-

61. 497 F.2d 410, 411 (7th Cir. 1974).

62. *Proposals For Single Patent Court Being Studied By Federal Commission*, 180 PAT., T.M. & C.R.J. A-9-13 (May 30, 1974).

63. See 59 A.B.A.J. 106 (1973). See also Gansewitz, *Toward Patent-Experienced Judges*, 58 A.B.A.J. 1087 (1972).

ent litigation, such as licensing and antitrust issues, would still be decided by the district court judge as they are now.

The establishment of a national court of appeals for patent cases might reduce the forum-shopping aspects of patent practice, but it may be doubted that it would improve the quality of the appellate decisions, at least in the Seventh Circuit. The high quality of the patent work performed in the Seventh Circuit at least suggests that careful and detailed examination should be made of a good sample of patent decisions in the federal courts before the proponents of change should be conceded victory.